

**City Light Advisory Board**  
**Meeting Summary**  
**November 18, 2003, 8:30 am – 1:30 pm**  
**SCL Board Room, Key Tower**

Board members: Jay Lapin, Carol Arnold, Donald Wise, Sara Patton, Maura O'Neill, Randy Hardy

Also present: Andrew Lofton (Mayor's Office), Carol Butler (Legislative Central Staff), Jim Ritch, Superintendent, Thomas Dunlap, (Department of Finance), Julie Tobin (Office of Policy & Management)

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**Superintendent's update**

- City Light are working with other agencies to clear rockslides below three City Light dams on the upper Skagit River.
- The Washington State Supreme Court ruled that City Light can no longer charge ratepayers for operation and maintenance of Seattle's streetlights. The costs of streetlights must revert to the City's general fund. The ruling contained no language about paying back the money. The Advisory Board discussed the possible outcomes arising from this decision. All board members agreed that given the financial health of the utility it would not be a good idea to lower rates immediately and in violation of existing financial policy. It was agreed that the most prudent result for rate payers would be to use the reduction to accelerate payment of City Light's short-term debt which would result in an eventual rate reduction that could be coordinated with the rate process next year. All board members voted to pass the following recommendation to the Mayor:

"The Advisory Board recommends that revenues resulting from the Street Light decision be used to accelerate repayment of the Short Term Debt.

The City should adhere to the existing Financial Policy while City Light is still in the process of financial recovery from the Energy Crisis."

- The rates ordinance passed last year makes provision for automatic pass through of Bonneville Power Administration (BPA) power cost increases. City Light is currently working with the Law Department to establish whether this pass-through applies to decreases. There are three BPA matters in the works that may affect a rate decrease. City Light is waiting until all three items are settled before making a decision that results in a rate reduction. The Board expressed concern that a decision not to treat rate reductions comparable to rate increases under the automatic pass-through provision could lead to the elimination of the automatic pass-through provision, which is an important element of City Light's risk management strategy. The Board asked the Superintendent to give it an opportunity to make a formal recommendation on this issue at the appropriate time.

**Advisory Board meeting schedule**

December 16 – 8:30 – 2:30  
January 20, 8:30 – 2:30  
February 10, 8:30 – 11:30

## **Financial strategy, policies and conditions outline**

Jay Lapin gave an update on the progress of the financial strategy working group. After discussing and reviewing the latest working draft of the Board's first Annual Report, the board members agreed to get their comments/changes to Jay as soon as possible. Maura O'Neill offered to wordsmith the next draft.

## **Power management/marketing**

Randy Hardy gave an update on the progress of the power management/marketing working group and an overview of the power management/portfolio section of the report. Randy took edits and comments and will incorporate those into the next draft.

## **Risk management**

Carol Arnold gave an overview of the risk management section of the report. Jim Ritch will come back to the Advisory Board with recommendations on how the front, middle and back offices should function.

Carol Arnold gave an overview of the risk metric. Jim Ritch will give the risk metric to the power marketing/risk management working group on November 21 and the actual limits to the Advisory Board around December 12. Board members felt they needed more understanding of the metric and that it needs to be evaluated by consultant. City Light's outside consultant should have its report on the validity of this tool by the end of the year.

## **High performance organization update**

Jim Ritch gave an overview of Seattle Public Utilities Asset Management Initiative (AMI). On November 26 City Light and Seattle Public Utilities will be having a retreat to understand how to institute AMI into City Light.

## **Executive Session**

The Advisory Board met in executive sessions with three candidates for Superintendent.

## **Follow up items**

Julie Tobin will look into whether board members can access the SPU Asset Management inweb site.

City Light is developing a new long-term financial forecast, and Jim Ritch will get that to the Board in the next week or so.